



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **18 VAC 160-20 – Board for Waterworks and Wastewater Works Operators Regulations Department of Professional and Occupational Regulation July 7, 2000**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

In order to comply with federal guidelines<sup>1</sup> and continue to receive federal funding, the Board for Waterworks and Wastewater Works Operators Regulations (board) proposes to require continuing professional education (CPE) for the retention of all waterworks licenses and to create a new class of restricted waterworks license.

### **Estimated Economic Impact**

#### **Continuing Professional Education**

Waterworks operators' licenses expire on the last day of February of each odd-number year. Under the current regulations, waterworks operators are required to apply for license renewal prior to the expiration of their license by returning the renewal notice they should have

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<sup>1</sup> "Environment Protection Agency Final Guidelines for the Certification and Recertification of the Operators of Community and Nontransient Noncommunity Public Water Systems; Notice," 1999.

received in the mail and by paying the renewal fee. The board proposes to add another item required in order to renew a waterworks license: a statement that the applicant for license renewal has met a specified CPE requirement for his class prior to the expiration date shown on his license. For Classes I, II, and III, “operators shall obtain a minimum of 20 contact hours during each license renewal cycle.” For Classes IV, V, and VI, operators are required to obtain a minimum of 16, eight, or four hours, respectively.

At present, about half of Virginia’s waterworks operators could meet the CPE requirements due to ongoing training, such as that mandated by OSHA regulations, by documenting their attendance.<sup>2</sup> Due to the wide variety of free training available, the remaining operators would likely be able to meet the requirements without paying any course fees, if so desired. The Virginia Department of Health provides free interactive video-streaming training seminars at nine locations located throughout the Commonwealth. By request, the Department of Health provides onsite instruction at waterworks facilities, which would also count toward CPE contact hours.<sup>3,4</sup> The Virginia Rural Water Association also provides several training seminars for free or a small fee. It also appears that time spent with an equipment vendor who shows an operator how to use purchased equipment may count toward CPE hours. Though it is likely that operators would be able to comply with CPE requirement without having to pay a course fee or only a small fee, the operators would face some time and perhaps travel costs. There are some potential benefits to the CPE requirements. Say there are some operators who do not properly keep informed of important developments within their profession. They might not become aware of new procedures that could be conducted to minimize the risk to the public of potentially contaminated drinking water. The CPE requirements could compel such operators to attend training seminars where they learn of new beneficial procedures. It is possible that such operators may put into practice newly learned procedures that produce benefits to the public (in reduced risk of water contamination) that outweigh the cost to the operator of attending the training. There is no data available that would allow estimates of the magnitude of this potential benefit. Thus, the net economic impact cannot be determined.

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<sup>2</sup> Source: Mark Anderson, Training and Certification Chief at the Virginia Department of Health

<sup>3</sup> Ibid.

<sup>4</sup> The Virginia Department of Health training is funded by a federal grant.

## **Class VI License**

Under the current regulations, there are five classes of waterworks operators' licenses. The board proposes to add a sixth license (Class VI) for operators who operate waterworks that provide no treatment and serve fewer than 400 persons. Under the current regulations, these individuals are not required to hold an operator's license.<sup>5</sup> In order to obtain a Class VI license, applicants would need to 1) pass a board-approved examination, and 2) have a high school diploma or GED and at least six months of experience as an operator-in-training in a waterworks, or no high school diploma and at least one year of experience as an operator-in-training in a waterworks. Post-secondary education and certain subject-relevant training may be substituted for the experience requirement. The application fee for the initial license will be \$85; every two years a renewal fee of \$45 dollars will be required. After the initial licensing period is over, the Class VI operator will be required to obtain four contact hours of CPE every two years.

The proposed regulations include a "grandparenting" provision that effectively allows current operators of Class VI waterworks up to five years to gain the knowledge needed to pass the board-approved examination and the required operator-in-training experience, while continuing to work as Class VI operators. Current operators of Class VI waterworks are given two years from the date that the proposed regulations become effective to apply for a restricted version of the Class VI license; the restricted Class VI license lasts for three years. In order to obtain the restricted Class VI license, the operator would need to 1) be at least 18 years of age, 2) have a high school diploma or GED and at least six months of experience, or no high school diploma and at least one year of experience, 3) and currently operate a Class VI waterworks. The restricted Class VI license would last three years, after which the operator would be required to apply for a standard Class VI license. In order to obtain the standard Class VI license, the operator would need to pass the board-approved examination and have the operator-in-training experienced described earlier. According to the Department of Professional and Occupational Regulation, the current operator would be able to satisfy the operator-in-training experience by having an operator with a Class V or higher level license act as a mentor for the required time period.

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<sup>5</sup> Source: Department of Professional and Occupational Regulation

The proposed Class VI license will clearly produce significant new costs for current operators of Class VI type waterworks, including fees, time and effort to prepare and take the exam and possibly training and experience costs. The proposed new license does have the potential to be beneficial to the public. Currently, operators of Class VI waterworks are permitted to provide drinking water to the public without any official demonstration of competence. It is possible that some operators of Class VI waterworks are not aware of all the proper procedures to be conducted to prevent contamination of drinking water. Thus, by requiring that only individuals who demonstrate their knowledge of proper procedures by passing a board-approved examination be allowed to operate waterworks, a significant benefit to the public may be gained by reducing the risk of drinking water contamination. The benefit of requiring an experienced operator who has passed an exam demonstrating applicable knowledge to obtain operator-in-training experience is less clear. Since there is no data available that would allow estimates of the magnitude of the potential benefits, a meaningful numerical estimate of the net economic impact of this proposal cannot be made at this time.

## **Businesses and Entities Affected**

All waterworks operators in the Commonwealth are potentially affected by the proposed amendments. According to the Department of Professional and Occupational Regulation, there were the following numbers of licensed waterworks operators in the Commonwealth on 4/30/00: 1,104 Class I; 1,283 Class II; 1,871 Class III; 1,826 Class IV; and 173 Class V.

## **Localities Particularly Affected**

The proposed amendments potentially affect all localities within the Commonwealth.

## **Projected Impact on Employment**

Some operators at Class VI type waterworks who are unable to show competence by passing the examination may switch to a different career. Some of the operators at the smaller waterworks, such as Class VI, only do the work part-time. Some of these operators may decide that the costs of the new license are too much and choose to leave the profession.

The proposal to add CPE requirements may increase the demand for training. Thus, trainers may work longer hours or new trainers may be hired.

## **Effects on the Use and Value of Private Property**

Since it appears that time spent with an equipment vendor who shows an operator how to use purchased equipment may count toward CPE hours, there may be a slightly greater likelihood that new equipment may be purchased. This may increase the value of some private equipment vendors by a small amount. Private sector training firms may encounter somewhat greater demand for their services. The value of such firms may increase.